

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF)	CASE NO. 2005-00335
EAST KENTUCKY UTILITIES, INC.)	

ORDER

On March 11, 2005, in Case No. 2005-00032,¹ the Commission approved rates for East Kentucky Utilities, Inc. ("East Kentucky") and provided for their further adjustment on an as needed basis in accordance with East Kentucky's gas cost adjustment ("GCA") clause.

On August 16, 2005, East Kentucky filed its proposed GCA to be effective September 5, 2005. East Kentucky requests a waiver of the 30-day notice period in order to put rates into effect by September 5, 2005. As KRS 278.180 permits the Commission to shorten the required notice period for good cause, the Commission finds the request should be granted.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. East Kentucky's wholesale natural gas contract with Equitable Energy LLC ("EE") provides for an increases in the cost of gas purchased from EE from \$5.50 per Dth to \$10.80 per Dth, effective August 1, 2005 through October 31, 2005.

¹ Case No. 2005-00032, The Application of East Kentucky Utilities, Inc. for Approval of the Proposed Increase in Rates (Ky. PSC March 11, 2005).

2. East Kentucky's notice includes revised rates designed to pass on to its customers its expected increase in wholesale gas costs. Based on the high Btu content of the gas supplied by EE, East Kentucky's expected gas cost is \$14.1555 per Mcf, which represents an increase of \$7.0653 per Mcf above its current gas cost.

3. The rates in the Appendix to this Order are fair, just and reasonable, and should be approved for billing with the final meter readings beginning on September 5, 2005.

IT IS THEREFORE ORDERED that:

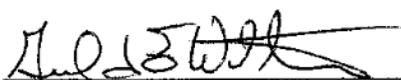
1. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing with final meter readings by East Kentucky beginning September 5, 2005.

2. Within 20 days of the date of this Order, East Kentucky shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 2nd day of September, 2005.

By the Commission

ATTEST:

for the 
Executive Director

Case No. 2005-00335

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2005-00335 DATED September 2, 2005

The following rates and charges are prescribed for the customers in the area served by East Kentucky Utilities, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

<u>RATES:</u> Monthly	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
First Mcf	\$10.00	\$14.1555	\$24.1555
All Over 1 Mcf	\$ 5.2553	\$14.1555	\$19.4108
Minimum Bill	\$24.1555		

A surcharge in the amount of \$.8048 per Mcf will be added to the above rates until the obligation owed to Kentucky West Virginia Gas Company has been discharged or is recalculated.

The base rate for the future application of the purchased gas adjustment clause of East Kentucky Utilities, Inc. shall be:

Commodity

EE	\$10.80 per Dth
Southeastern Gas Company	\$ 3.50 per Mcf